

FIGURES | LONG ISLAND OFFICE | Q3 2026

Long Island Office Market Remains Stable Amid Slower Activity



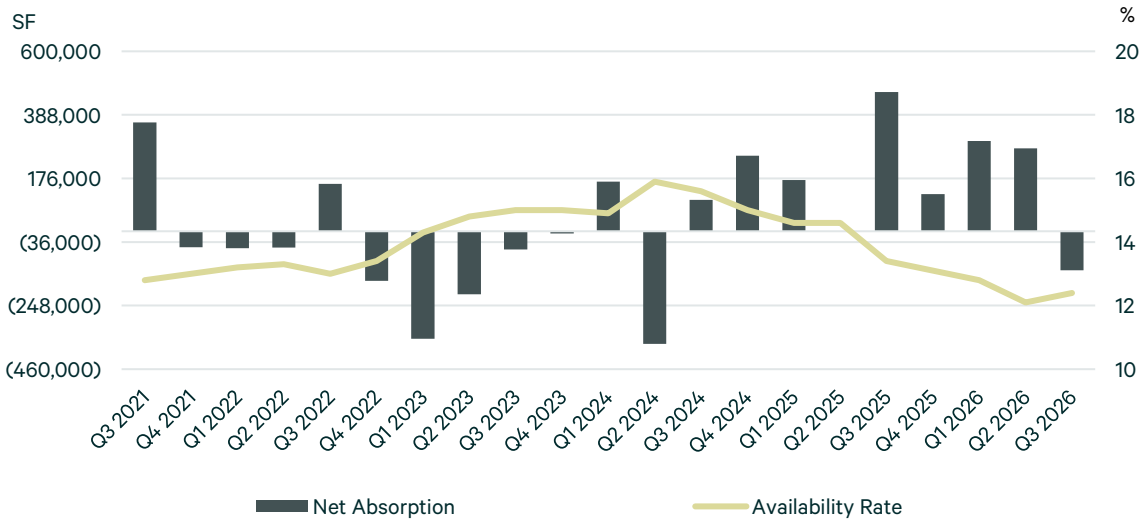
Note: Arrows indicate change from previous quarter.

Market Overview

In Q3 2026, conditions softened slightly as availability edged up and net absorption turned negative. After five positive quarters between Q1 2025 and Q2 2026, net absorption totaled negative 130,000 sq. ft. in Q3 2026, and availability increased to 12.4%, up 30 basis points (bps) from Q2 2026. Despite the quarterly uptick, availability remained 100 bps below the 13.4% rate recorded one year ago, reflecting the market’s continued improvement from recent highs. Meanwhile, average asking rents continued to rise, reaching \$32.02 per sq. ft. in Q3 2026 compared with \$31.39 per sq. ft. in Q2 2026, reflecting a multi-year upward rent trend even as availability fluctuated.

Leasing activity moderated in Q3 2026, reflecting the typical seasonal slowdown during the summer months. Tenants leased 339,000 sq. ft. during the quarter, down from 436,000 sq. ft. in Q2 2026 and 543,000 sq. ft. one year earlier. In addition to the seasonal slowdown, leasing volume fell 20% below the five-year quarterly average, pointing to a moderation in demand compared with both recent and historical levels.

Figure 1: Historical Net Absorption and Availability



Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Long Island's labor market remained relatively stable in August 2026, although employment growth continued to moderate. The unemployment rate increased to 4.0%, up from 3.9% one year earlier. Total private-sector employment declined by 800 jobs, or 0.1%, year-over-year, bringing the region's private-sector workforce to 1.19 million jobs.

Long Island's office-using employment (OUE), which includes the information, financial activities, and professional and business services sectors, was generally flat over the past year. The professional and business services sector, the largest component of office-using employment, posted a modest gain of 600 jobs (0.3%) year-over-year. In contrast, the financial activities sector declined by 2,800 jobs (4.1%), while the information sector lost approximately 600 jobs (4.4%) over the same period. Despite ongoing weakness in portions of the office-using economy, growth in professional and business services helped offset a portion of these losses.

Leasing Activity

Leasing activity in Q3 2026 totaled 339,000 sq. ft.—20% below Long Island's five-year quarterly average. Year-to-date leasing activity reached 1.2 million sq. ft. at the end of Q3, trailing 2025 levels by 14%.

Western Nassau led all submarkets in Q3, posting 96,000 sq. ft. of activity—28% of Long Island's total. In addition to outperforming the other submarkets, Western Nassau surpassed its five-year quarterly average by 82%. Notable transactions included Gregory Spektor & Associates' 28,000-sq.-ft. lease at 5 Dakota Drive in Lake Success, representing a relocation from Queens.

Figure 2: Leasing Activity Trend

Sq. Ft.



Source: CBRE Research, Q3 2026

Figure 3: Key Lease Transactions

Tenant	Size (Sq. Ft.)	Deal Type	Direct/Sublet	Address
NFP Property & Casualty Services	65,000	R	D	45 Executive Drive, Plainview
Ruskin, Moscou, & Faltischek	53,000	R	D	RXR Plaza, Uniondale
JPMorgan Chase	40,000	RE	D	RXR Plaza, Uniondale
Gregory Spektor and Associates	28,000	L	D	5 Dakota Drive, Lake Success
Kelly, Rode & Kelly	28,000	L	D	900 Stewart Avenue, Garden City

Source: CBRE Research, Q3 2026. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

Central Nassau followed closely with 90,000 sq. ft. of leasing activity during the quarter. While activity remained strong, it was 15% below the submarket's five-year quarterly average. Kelly, Rode & Kelly leased 28,000 sq. ft. at 900 Stewart Avenue in Garden City, a relocation with the submarket.

The remaining submarkets recorded below-average leasing activity in Q3 2026. Central Suffolk posted 64,000 sq. ft. of leasing, followed closely by Western Suffolk at 47,000 sq. ft., while Eastern Nassau registered the lowest quarterly total at 42,000 sq. ft. Leasing activity in Western Suffolk was 64% below its five-year quarterly average, bringing year-to-date activity to 243,000 sq. ft., 21% behind the pace set in 2025. Central Suffolk's quarterly total was 17% below its historical average; however, year-to-date leasing reached 287,000 sq. ft., representing a 62% increase over the same period one year ago.

Despite a slowdown in new leasing activity, renewal activity increased to 160,000 sq. ft. in Q3, up 136% from Q2 and 17% above the five-year quarterly average of 137,000 sq. ft. Several large transactions contributed to the quarter's total, led by NFP's 65,000-sq.-ft. renewal at 45 Executive Drive in Plainview. Additional notable renewals included Ruskin Moscou Faltischek's 54,000-sq.-ft. transaction at RXR Plaza in Uniondale and JPMorgan Chase's 40,000-sq.-ft. renewal and expansion at the same property.

Net Absorption and Availability Rate

Net absorption turned negative in Q3 2026 as tenants returned more space than they leased, reflecting slower leasing activity and new space additions. The market recorded negative 130,000 sq. ft. of net absorption during the quarter, pushing the availability rate up 30 bps to 12.4%. Despite the quarterly increase, availability remained 100 bps below the 13.4% rate recorded one year ago, underscoring the market's overall improvement from recent highs.

At the submarket level, Western Nassau and Central Suffolk were the only areas to post positive net absorption in Q3 2026, recording 40,000 sq. ft. and 24,000 sq. ft., respectively. Elsewhere, occupancy losses were concentrated in Eastern Nassau, where net absorption fell to negative 149,000 sq. ft. following the addition of a 150,000-sq.-ft. block at 100 Duffy Avenue in Hicksville vacated by Flagstar Bank. As a result, Eastern Nassau's availability rate increased 230 bps quarter-over-quarter to 12.7%, and 200 bps year-over-year. Central Nassau recorded negative 26,000 sq. ft. of absorption in Q3, increasing availability 30 bps from the prior quarter to 12.5%. Meanwhile, Western Suffolk posted negative 21,000 sq. ft. of net absorption, pushing availability up 20 bps quarter-over-quarter to 12.8%.

Figure 4: Availability Rates



Source: CBRE Research, Q3 2026

Figure 5: Net Absorption Trend

SF



Source: CBRE Research, Q3 2026

Sublease space continued to contract. The sublease availability rate fell 10 bps quarter-over-quarter to 1.9%, with total sublease space decreasing to 739,000 sq. ft., its lowest level since before the pandemic.

Asking Rent

Long Island's average asking rent rose to \$32.02 per sq. ft. in Q3 2026, increasing 2% quarter-over-quarter and 3% year-over-year. Rent growth remained broad-based across the market, with the Class A average asking rent reaching a record \$34.93 per sq. ft., up 1% from the previous quarter and 2% from one year ago. Meanwhile, the Class B average asking rent increased to \$29.35 per sq. ft., rising 4% quarter-over-quarter and 5% year-over-year.

Eastern Nassau was a key driver of quarterly rent growth following the addition of a 150,000-sq.-ft. block of higher-priced Class B space at 100 Duffy Avenue in Hicksville. As a result, the submarket's overall average asking rent increased 2% quarter-over-quarter to \$32.01 per sq. ft., while its Class B average asking rent surged 14% to \$29.13 per sq. ft.

Western Nassau and Central Nassau continued to command the highest rents among Long Island office submarkets, with average asking rents of \$36.87 per sq. ft. and \$33.24 per sq. ft., respectively. Eastern Nassau followed closely at \$32.01 per sq. ft., while Western Suffolk and Central Suffolk remained the most affordable submarkets at \$30.61 per sq. ft. and \$26.76 per sq. ft., respectively, highlighting the significant pricing disparity across the Long Island office market.

Figure 6: Average Asking Rate by Class



Source: CBRE Research, Q3 2026

Market Statistics

Figure 7: Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Total Vacancy (%)	Avg. Asking Rate (\$/SF/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Quarterly Leasing (SF)	YTD Leasing (SF)
Class A	17.68	11.8%	9.2%	2.5%	11.2%	\$34.92	16,566	348,881	187,086	665,340
Class B	20.77	13.0%	11.6%	1.4%	12.5%	\$29.35	(146,704)	98,150	154,204	517,388
Total	38.45	12.4%	10.5%	1.9%	11.9%	\$32.02	(130,138)	447,031	341,290	1,182,728

Source: CBRE Research, Q3 2026

Figure 8: Market Statistics by Submarket

Submarket	Net Rentable Area (MSF)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Total Vacancy (%)	Avg. Asking Rate (\$/SF/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Quarterly Leasing (SF)	YTD Leasing (SF)
Central Nassau	10.18	12.5%	11.4%	1.1%	12.4%	\$33.24	(25,709)	69,802	89,814	259,142
Central Suffolk	5.99	13.0%	11.8%	1.3%	12.0%	\$26.76	24,400	96,322	64,413	294,531
Eastern Nassau	6.48	12.7%	12.3%	0.4%	12.4%	\$32.02	(148,519)	(123,327)	41,543	163,482
Western Nassau	6.62	11.1%	7.2%	3.9%	10.6%	\$36.87	40,329	290,483	95,990	219,197
Western Suffolk	9.18	12.8%	9.9%	2.9%	12.0%	\$30.61	(20,639)	113,751	49,530	246,376
Total	38.45	12.4%	10.5%	1.9%	11.9%	\$32.02	(130,138)	447,031	341,290	1,182,728

Source: CBRE Research, Q3 2026

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Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.

Asking Rent: Weighted average asking rent.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

Vacancy: Unoccupied space available for lease.

CBRE's market report analyzes fully modernized office buildings that total 20,000+ sq. ft. in Long Island, including owner-occupied buildings (except those owned and occupied by a government or government agency). New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

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